

**REPORT OF THE AUDIT OF THE
WOODFORD COUNTY
FISCAL COURT**

**For The Fiscal Year Ended
June 30, 2005**



**CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE
WOODFORD COUNTY FISCAL COURT

June 30, 2005

The Auditor of Public Accounts has completed the audit of the Woodford County Fiscal Court for fiscal year ended June 30, 2005.

We have issued unqualified opinions, based on our audit, on the governmental activities, business-type activities, each major fund, and aggregate remaining fund information of Woodford County, Kentucky.

Financial Condition:

The fiscal court had net assets of \$21,668,956 as of June 30, 2005. The fiscal court had unrestricted net assets of \$2,297,700 in its governmental funds as of June 30, 2005, with total net assets of \$21,650,429. In its enterprise fund, total net cash and cash equivalents were \$18,527 with total net assets of \$18,527. The fiscal court had total debt principal as of June 30, 2005 of \$10,332,519 with \$524,133 due within the next year.

Deposits:

The fiscal court's deposits were insured and collateralized by bank securities or bonds.

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CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky
Honorable Ernie Fletcher, Governor
Robbie Rudolph, Secretary
Finance and Administration Cabinet
Honorable Joe D. Gormley, Woodford County Judge/Executive
Members of the Woodford County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Woodford County, Kentucky, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Woodford County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Woodford County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Woodford County, Kentucky, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with the basis of accounting described in Note 1.

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To the People of Kentucky
Honorable Ernie Fletcher, Governor
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Members of the Woodford County Fiscal Court

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Woodford County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, is presented for additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, and is not a required part of the basic financial statements. The combining fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation of the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated February 23, 2006, on our consideration of Woodford County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, cursive script.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
February 23, 2006

WOODFORD COUNTY OFFICIALS

For The Year Ended June 30, 2005

Fiscal Court Members:

Joe D. Gormley	County Judge/Executive
Jackie Brown	Magistrate
Jim Staples	Magistrate
Bobby Gaffney	Magistrate
Tommy Turner	Magistrate
Buddy McDonald	Magistrate
Dick Alcock	Magistrate
Bones Webber	Magistrate
Carl Rollins	Magistrate

Other Elected Officials:

Alan George	County Attorney
Gary Gilkison	Jailer
Corine Woolums	County Clerk
Trisha Kittinger	Circuit Court Clerk
John Coyle	Sheriff
Gary Gillis	Property Valuation Administrator
Steve Ward	Coroner

Appointed Personnel:

Becky Wilson	County Treasurer
Becky Wilson	Occupational Tax Collector
Elaine Crawford	Finance Officer



WOODFORD COUNTY FISCAL COURT

FAX: 859-873-0196

103 SOUTH MAIN
WOODFORD COUNTY COURTHOUSE
VERSAILLES, KENTUCKY 40383

PHONE: 859-873-5701

Management's Discussion and Analysis June 30, 2005

The financial management of Woodford County, Kentucky offers readers of Woodford County's financial statements this narrative overview and analysis of the financial activities of Woodford County for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with other information that we have furnished in our letter of transmission and the notes to the financial statements.

Financial Highlights.

- Woodford County had net assets of \$21,668,956 as of June 30, 2005. The fiscal court had \$2,297,700 unrestricted net assets in its governmental activities as of June 30, 2005 with total net assets of \$21,650,429. In its enterprise fund, cash and cash equivalents were \$18,527 with total assets of the same amount. Total debt principal as of June 30, 2005 was \$10,332,519 with \$524,133 due within one year.
- At the close of the current fiscal year, Woodford County's balance sheet reported a fund balance of \$2,412,297. Of this amount \$2,355,617 is available for spending at the government's discretion (unreserved fund balance).
- Woodford County's total indebtedness at the close of fiscal year June 30, 2005 was \$10,332,519 of which \$9,808,386 is long-term debt (due after 1 year) and \$524,133 is short-term debt (to be paid within 1 year). Debt additions were \$632,519 and debt reductions were \$468,000 for a net increase of \$164,519.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to Woodford County's basic financial statements. Woodford County's basic financial statements are comprised of three components: 1) government wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GASB 34 requires management to include certain comparison schedules when they are available. These schedules include prior and current comparisons of general revenues by major source and program expenses by function.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Woodford County's finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all of Woodford County's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Woodford County is improving or deteriorating.

Woodford County
Management's Discussion and Analysis
June 30, 2005
(Continued)

Government-wide Financial Statements (Continued):

The *Statement of Activities* presents information showing how the government's net assets changed during the fiscal year. All changes in net assets are reported on a modified cash basis of accounting. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and related assets and liabilities.

Under the county's modified cash basis of accounting, revenues and expenses and related assets and liabilities are recorded when they result from a cash transaction, except for the recording of depreciation expenses on capital assets in the government-wide financial statements for all activities and in the fund financial statements for the proprietary fund financial statements.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as amounts billed for services provided, but not collected) and accounts payable (expenses for goods and services received but not paid) or compensated absences are not recorded.

Both of the government-wide financial statements distinguish functions of the county that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). Woodford County's governmental activities included general governmental, protection to persons and property, general health and sanitation, social services, recreation and culture, roads, bus services, debt services and capital projects. The county has one business-type activity – the operation of a jail canteen.

The government-wide financial statements include not only Woodford County itself (known as the primary government), but also legally separate entities, which have a significant operational or financial relationship with the county. Woodford County has one such entity, the Public Properties Detention Center Corporation. It is known as a blended component unit.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Woodford County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Woodford County can be divided into two broad categories: *governmental funds and proprietary funds*.

Governmental Funds

Governmental funds are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements; governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's current financing requirements.

Woodford County
Management's Discussion and Analysis
June 30, 2005
(Continued)

Governmental Funds (Continued):

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's current financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Woodford County maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the government fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Road Fund, Jail Fund, Public Properties Corporation Courthouse Annex Bond Fund, Public Properties Corporation Community Center Bond Fund and the Public Properties Corporation Jail Bond Fund – Series 2003 all of which are considered major funds by the County. The Local Government Economic Assistance Fund, State Grant Fund, Federal Grant Fund and the Public Properties Corporation Courthouse Bond Fund are considered non-major funds and are presented in a combined form.

Woodford County adopts an annual appropriated budget for its major governmental funds, with the exclusion of the Public Properties Corporation Bond Funds. A budgetary comparison statement has been provided for each of these funds to demonstrate compliance with their budgets.

Proprietary Funds

Proprietary funds provide the same type of information as the business-type activities column on the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Jail Canteen Fund.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Woodford County
Management's Discussion and Analysis
June 30, 2005
(Continued)

Government-Wide Financial Analysis

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

Table 1
Woodford County's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
Assets						
Current and other assets	\$ 1,514,736	\$ 2,412,297	\$ 15,587	\$ 18,527	\$ 1,530,323	\$ 2,430,824
Capital assets	29,231,361	29,570,651			29,231,361	29,570,651
Total Assets	30,746,097	31,982,948	15,587	18,527	30,761,684	32,001,475
Liabilities						
Current and other liabilities	455,000	524,133	6,504		461,504	524,133
Long-term liabilities	9,420,000	9,808,386			9,420,000	9,808,386
Total Liabilities	9,875,000	10,332,519	6,504		9,881,504	10,332,519
Net Assets						
Invested in capital assets, net of related debt	19,356,361	19,238,132			19,356,361	19,238,132
Restricted For:						
Debt Service	146,487	62,061			146,487	62,061
Grants	9,730	52,536			9,730	52,536
Unclaimed Cash			6,504		6,504	
Unrestricted	1,358,519	2,297,700	9,083	18,527	1,367,602	2,316,227
Total Net Assets	\$ 20,871,097	\$ 21,650,429	\$ 15,587	\$ 18,527	\$ 20,886,684	\$ 21,668,956

Woodford County
Management's Discussion and Analysis
June 30, 2005
(Continued)

Government-Wide Financial Analysis (Continued):

	Table 2		Percent Change
	Governmental Activities		
	2004	2005	
Revenues:			
General Revenue	\$ 8,012,873	\$ 7,132,042	-11%
Charges For Services	971,577	1,095,830	13%
Operating Grants and Contributions	2,230,813	4,441,486	99%
Total Revenues	11,215,263	12,669,358	13%
Expenditures:			
General Government	4,146,454	3,911,189	-6%
Protection to Persons and Property	3,093,425	3,473,156	12%
General Health and Sanitation	920,288	961,787	5%
Social Services	228,667	210,378	-8%
Recreation and Culture	940,908	706,583	-25%
Roads	2,180,926	1,755,172	-20%
Bus Services	24,575	14,386	-41%
Interest on Long-Term Debt	400,388	452,393	13%
Capital Projects	128,903	548,281	325%
Total Expenditures	\$ 12,064,534	\$ 12,033,325	0%

Changes in Net Assets

Governmental Activities. Woodford County's net assets increased by \$636,033 in fiscal year 2005. Key elements of this are as follows:

- Current assets and cash increased by \$897,561.
- Investment in capital assets, net of related debt decreased by \$118,229.
- Current and long-term liabilities increased by \$457,519.
- Revenues were \$12,669,358 as reflected in the Statement of Activities.
- Expenditures totaled \$12,033,325 as reflected in the Statement of Activities.

Business-type Activities. Woodford County's net assets increased by \$2,940 in fiscal year 2005. Key elements of this are as follows:

- Current assets and cash increased by \$2,940.

**Woodford County
Management's Discussion and Analysis
June 30, 2005
(Continued)**

Financial Analysis of the County's Funds

As noted earlier, Woodford County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview. The focus of the Woodford County's governmental funds is to provide information on current inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the June 30, 2005 fiscal year, the combined ending fund balance of the Woodford County's governmental funds was \$2,412,297. Approximately 98% (\$2,355,617) of this consists of unreserved fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance (\$56,680) is reserved to indicate that it is not available for new spending because it is committed.

The County has six major governmental funds. They are: 1) General Fund; 2) Road Fund; 3) Jail Fund; 4) Public Properties Corporation Courthouse Annex Bond Fund; 5) Public Properties Corporation Community Center Bond Fund; 6) Public Properties Corporation Jail Bond Fund – Series 2003. There are four non-major funds. They are: 1) Local Government Economic Assistance Fund; 2) State Grant Fund; 3) Federal Grant Fund; 4) Public Properties Corporation Courthouse Bond Fund.

1. The General Fund is the chief operating fund of Woodford County. At the end of the June 30, 2005 fiscal year, unreserved fund balance of the General Fund was \$2,137,808, while total fund balance was \$2,162,080. The county received \$4,524,980 in Occupational tax revenues. This accounts for approximately 44% of the general fund revenue. \$1,290,211 was received from real and personal property taxes and accounts for approximately 12% of the county's general fund revenues. Various other taxes and service fees make up the remaining 44% of revenues.
2. The Road and Bridge Fund is the fund related to county road and bridge construction and maintenance. The Road fund collected \$1,046,054 in revenue and received \$556,131 from the General Fund. The Road Fund had a prior year surplus carry over amount of \$42,624, for a total operating budget of \$1,644,809. There were expenses of \$1,598,145 leaving a year-end balance of \$46,664.
3. The Jail Fund is used to account for the operation of the County's detention program. The Jail Fund received \$560,459 in revenue generated from its operations and \$616,687 was transferred in from the General Fund. The Jail Fund had a prior year carry over amount of \$24,992, for a total operating budget of \$1,202,138. There were expenses of \$1,148,779 leaving a year-end balance of \$53,359.
4. The Public Properties Corporation Courthouse Annex Bond Fund had a fund balance of \$43,716 as of June 30, 2005. The purpose of this fund is to account for debt service requirements of the Courthouse Annex Bonds for the Fiscal Court.
5. The Public Properties Corporation Community Center Bond Fund had a \$1,916 fund balance as of June 30, 2005. The purpose of this fund is to account for debt service requirements of the Community Center Bonds for the Fiscal Court.
6. The Public Properties Corporation Jail Bond Fund – Series 2003 had an \$8,904 fund balance as of June 30, 2005. The purpose of this fund is to account for the debt service requirements of the Jail Bonds for the Fiscal Court.

**Woodford County
Management's Discussion and Analysis
June 30, 2005
(Continued)**

Financial Analysis of the County's Funds (Continued)

Governmental Funds Overview (Continued):

7. The Local Government Economic Assistance Fund had a fund balance of \$35,596 as of June 30, 2005.
8. The State Grant Fund is used to account for state monies received. The county received \$189,060 in state funds for various ongoing projects. The State Grant Fund had a \$0 balance as of June 30, 2005.
9. The Federal Grant Fund is used to account for federal monies received. The county received \$83,150 in federal funds to ongoing projects. The Federal Grant Fund had a \$52,536 balance as of June 30, 2005.
10. The Public Properties Corporation Courthouse Bond Fund had a balance of \$7,526 as of June 30, 2005.

Proprietary Funds Overview. The County's proprietary fund statements provide the same type of information found in the business-type activities column of the government-wide statements, but in more detail.

Woodford County has one enterprise fund, the Jail Canteen Fund. The Jail Canteen Fund had net assets of \$18,527 and a cash balance of \$18,527 as of June 30, 2005.

General Fund Budgetary Highlights

Actual operating revenues were \$1,034,790 more than originally budgeted by Fiscal Court. This increase was primarily from Intergovernmental sources and tax revenues.

Actual operating expenditures were \$479,112 less than amount originally budgeted by Fiscal Court.

Capital Assets and Debt Administration.

Capital Assets. Woodford County's investment in capital assets for its governmental and business-type activities as of June 30, 2005, amounts to \$29,570,651 (net of accumulated depreciation). This investment in capital assets includes construction in progress, land and land improvements, buildings, other equipment, vehicles and equipment and infrastructure. The County has elected to report infrastructure assets per GASB 34 provisions.

Additional information on the County's capital assets can be found in Note 3 of this report.

Woodford County
Management's Discussion and Analysis
June 30, 2005
(Continued)

Capital Assets and Debt Administration (Continued)

Capital Assets (Continued)

Table 3
Woodford County's Capital Assets, Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	2004	2005	2004	2005	2004	2005
Construction In Progress	\$	398,938	\$	\$	\$	\$ 398,938
Land and Land Improvements	970,000	970,000			970,000	970,000
Buildings	15,735,533	16,504,253			15,735,533	16,504,253
Other Equipment	67,146	90,116			67,146	90,116
Vehicles and Equipment	1,144,348	1,233,882			1,144,348	1,233,882
Infrastructure	11,314,334	10,373,462			11,314,334	10,373,462
Total Net Capital Assets	<u>\$ 29,231,361</u>	<u>\$ 29,570,651</u>	<u>\$</u>	<u>\$</u>	<u>\$29,231,361</u>	<u>\$29,570,651</u>

Long-Term Debt. At the end of the 2005 fiscal year, Woodford County had total long-term debt outstanding of \$10,332,519 including principal and interest. The amount of this debt due within the next year is \$524,133 and \$9,808,386 is due in subsequent years. This debt is described in Note 4 of the notes to the financial statements.

OTHER MATTERS

The following factors will have a significant effect on Woodford County's financial position or results of operations and were taken into consideration in developing the 2006 fiscal year budget:

- The 2005 budget included the costs associated with the construction of a second ambulance station. This should allow for a more equalized service in the county.
- The 2005 budget also included the majority of costs associated with the jail renovation. When completed this will allow the detention center to house "restricted custody" inmates. This will produce additional jail revenue for housing state and federal prisoners.

Requests For Information

This financial report is designed to provide a general overview of Woodford County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Woodford County Treasurer, 103 South Main Street, Room 201, Versailles, KY 40383.

WOODFORD COUNTY
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2005

WOODFORD COUNTY
GOVERNMENT-WIDE STATEMENT OF NET ASSETS - MODIFIED CASH BASIS

June 30, 2005

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Totals
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,412,297	\$ 18,527	\$ 2,430,824
Total Current Assets	<u>2,412,297</u>	<u>18,527</u>	<u>2,430,824</u>
Noncurrent Assets:			
Capital Assets - Net of Accumulated Depreciation			
Construction In Progress	398,938		398,938
Land and Land Improvements	970,000		970,000
Buildings	16,504,253		16,504,253
Other Equipment	90,116		90,116
Vehicles and Equipment	1,233,882		1,233,882
Infrastructure Assets - Net of Depreciation	<u>10,373,462</u>		<u>10,373,462</u>
Total Noncurrent Assets	<u>29,570,651</u>		<u>29,570,651</u>
Total Assets	<u>31,982,948</u>	<u>18,527</u>	<u>32,001,475</u>
LIABILITIES			
Current Liabilities:			
Financing Obligations	114,133		114,133
General Obligation Bonds	335,000		335,000
Revenue Bonds	<u>75,000</u>		<u>75,000</u>
Total Current Liabilities	<u>524,133</u>		<u>524,133</u>
Noncurrent Liabilities:			
Financing Obligations	798,386		798,386
General Obligation Bonds	5,825,000		5,825,000
Revenue Bonds	<u>3,185,000</u>		<u>3,185,000</u>
Total Noncurrent Liabilities	<u>9,808,386</u>		<u>9,808,386</u>
Total Liabilities	<u>10,332,519</u>		<u>10,332,519</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	19,238,132		19,238,132
Restricted For:			
Debt Service	62,061		62,061
Grants	<u>52,536</u>		<u>52,536</u>
Unrestricted	<u>2,297,700</u>	<u>18,527</u>	<u>2,316,227</u>
Total Net Assets	<u>\$ 21,650,429</u>	<u>\$ 18,527</u>	<u>\$ 21,668,956</u>

The accompanying notes are an integral part of the financial statements.

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WOODFORD COUNTY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2005

WOODFORD COUNTY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2005

<u>Program Revenues Received</u>			
<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary Government:			
Governmental Activities:			
General Government	\$ 3,911,189	\$ 45,328	\$ 1,879,872
Protection to Persons and Property	3,473,156	760,080	1,042,115
General Health and Sanitation	961,787	290,422	23,753
Social Services	210,378		19,753
Recreation and Culture	706,583		44,748
Roads	1,755,172		1,001,791
Bus Services	14,386		
Interest On Long-Term Debt	452,393		429,454
Capital Projects	548,281		
	<hr/>	<hr/>	<hr/>
Total Governmental Activities	12,033,325	1,095,830	4,441,486
	<hr/>	<hr/>	<hr/>
Business-type Activities:			
Jail Canteen			
Total Business-type Activities	40,139	43,079	
	<hr/>	<hr/>	<hr/>
Total Primary Government	\$ 12,073,464	\$ 1,138,909	\$ 4,441,486
	<hr/>	<hr/>	<hr/>

General Revenues:

Taxes:

Real Property Taxes

Personal Property Taxes

Motor Vehicle Taxes

Other Taxes

Miscellaneous Revenues

Accrued Interest Received

Total General Revenues

Change in Net Assets

Net Assets - Beginning (Restated)

Net Assets - Ending

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For The Year Ended June 30, 2005
(Continued)

Net (Expenses) Revenues and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-Type Activities	Totals
\$ (1,985,989)	\$	\$ (1,985,989)
(1,670,961)		(1,670,961)
(647,612)		(647,612)
(190,625)		(190,625)
(661,835)		(661,835)
(753,381)		(753,381)
(14,386)		(14,386)
(22,939)		(22,939)
(548,281)		(548,281)
(6,496,009)		(6,496,009)
	2,940	2,940
\$ (6,496,009)	\$ 2,940	\$ (6,493,069)
1,028,274		1,028,274
61,741		61,741
200,196		200,196
5,515,336		5,515,336
287,299		287,299
39,196		39,196
7,132,042		7,132,042
636,033	2,940	638,973
21,014,396	15,587	21,029,983
\$ 21,650,429	\$ 18,527	\$ 21,668,956

The accompanying notes are an integral part of the financial statements.

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WOODFORD COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2005

WOODFORD COUNTY
BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2005

	General Fund	Road Fund	Jail Fund	Public Properties Corporation Courthouse Annex Bond Fund
ASSETS				
Cash and Cash Equivalents	\$ 2,162,080	\$ 46,664	\$ 53,359	\$ 43,716
Total Assets	<u>2,162,080</u>	<u>46,664</u>	<u>53,359</u>	<u>43,716</u>
FUND BALANCES				
Reserved for:				
Encumbrances	24,272	4,040	28,368	
Unreserved:				
General Fund	2,137,808			
Special Revenue Funds		42,624	24,991	
Debt Service Fund				43,716
Total Fund Balances	<u>\$ 2,162,080</u>	<u>\$ 46,664</u>	<u>\$ 53,359</u>	<u>\$ 43,716</u>

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets:

Total Fund Balances

Amounts Reported For Governmental Activities In The Statement

Of Net Assets Are Different Because:

Capital Assets Used in Governmental Activities Are Not Financial Resources
And Therefore Are Not Reported in the Funds.

Depreciation

Long-term debt Is Not Due and payable in the Current Period and,
Therefore, Is Not Reported in the Funds.

Financing Obligations

Bonded Debt

Net Assets Of Governmental Activities

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY

BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

June 30, 2005

(Continued)

Public Properties Corporation Community Center Bond Fund	Public Properties Corporation Jail Bond Fund 2003 Series	Non- Major Funds	Total Governmental Funds
\$ 1,916	\$ 8,904	\$ 95,658	\$ 2,412,297
1,916	8,904	95,658	2,412,297

			56,680
			2,137,808
		88,132	155,747
1,916	8,904	7,526	62,062
\$ 1,916	\$ 8,904	\$ 95,658	\$ 2,412,297

\$ 2,412,297

47,895,766
(18,325,115)

(912,519)
(9,420,000)

\$ 21,650,429

The accompanying notes are an integral part of the financial statements.

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WOODFORD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2005

WOODFORD COUNTY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS

For The Year Ended June 30, 2005

	General Fund	Road Fund	Jail Fund	Public Properties Corporation Courthouse Annex Bond Fund
REVENUES				
Taxes	\$ 6,858,241	\$	\$	\$
Licenses and Permits	38,304			
Intergovernmental	2,600,254	972,297	524,576	221,260
Charges for Services	582,171		10,068	
Miscellaneous	208,289	73,757	25,815	
Interest	43,200			1,105
Total Revenues	<u>10,330,459</u>	<u>1,046,054</u>	<u>560,459</u>	<u>222,365</u>
EXPENDITURES				
General Government	1,987,295			
Protection to Persons and Property	2,820,485		1,043,160	
General Health and Sanitation	953,985			
Social Services	93,224			
Recreation and Culture	511,736			
Roads		1,481,609		
Debt Service				240,156
Bus Services	14,386			
Capital Projects	462,405	10,005		
Administration	1,590,476	106,531	105,619	
Total Expenditures	<u>8,433,992</u>	<u>1,598,145</u>	<u>1,148,779</u>	<u>240,156</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>1,896,467</u>	<u>(552,091)</u>	<u>(588,320)</u>	<u>(17,791)</u>
Other Financing Sources (Uses)				
Financing Obligation Proceeds	133,674			
Governmental Leasing Act	498,845			
Transfers From Other Funds		556,131	616,687	
Transfers To Other Funds	(1,624,787)			
Total Other Financing Sources (Uses)	<u>(992,268)</u>	<u>556,131</u>	<u>616,687</u>	
Net Change in Fund Balances	904,199	4,040	28,367	(17,791)
Fund Balances - Beginning (Restated)	1,257,881	42,624	24,992	61,507
Fund Balances - Ending	<u>\$ 2,162,080</u>	<u>\$ 46,664</u>	<u>\$ 53,359</u>	<u>\$ 43,716</u>

The accompanying notes are an integral part of the financial statements.

WOODFORD COUNTY
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
For The Year Ended June 30, 2005
(Continued)

Public Properties Corporation Community Center Bond Fund	Public Properties Corporation Jail Bond Fund 2003 Series	Non- Major Funds	Total Governmental Funds
\$	\$	\$	\$ 6,858,241
			38,304
208,194		301,705	4,828,286
			592,239
			307,861
47	75		44,427
<u>208,241</u>	<u>75</u>	<u>301,705</u>	<u>12,669,358</u>
		2,500	1,989,795
		65,561	3,929,206
			953,985
		117,154	210,378
			511,736
		27,610	1,509,219
416,389	197,093	66,755	920,393
			14,386
		75,871	548,281
		15,000	1,817,626
<u>416,389</u>	<u>197,093</u>	<u>370,451</u>	<u>12,405,005</u>
<u>(208,148)</u>	<u>(197,018)</u>	<u>(68,746)</u>	<u>264,353</u>
			133,674
			498,845
208,194	197,093	46,682	1,624,787
			(1,624,787)
<u>208,194</u>	<u>197,093</u>	<u>46,682</u>	<u>632,519</u>
46	75	(22,064)	896,872
1,870	8,829	117,722	1,515,425
<u>\$ 1,916</u>	<u>\$ 8,904</u>	<u>\$ 95,658</u>	<u>\$ 2,412,297</u>

The accompanying notes are an integral part of the financial statements.

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**WOODFORD COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

For The Year Ended June 30, 2005

WOODFORD COUNTY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS

For The Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds	\$	896,872
--	----	---------

Amounts reported for governmental activities in the Statement of Activities are different because Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is located over their estimated useful lives and reported as depreciation expense.

Construction In Progress		398,938
Capital Outlay		770,374
Depreciation Expense		(1,265,632)

The issuance of long-term debt (e.g. bonds, financing obligations) provides current financial resources to governmental funds, while repayment of principal on long-term debt consumes the current financial resources of Governmental Funds. These transactions, however, have no effect on net assets.

Financing Obligation Proceeds		(632,519)
-------------------------------	--	-----------

Lease and bond principal payments are expensed in the Governmental Funds as a use of current financial resources.

Financing Obligations Principal Amount		13,000
Bond Payments		455,000

Change in Net Assets of Governmental Activities	\$	<u>636,033</u>
---	----	----------------

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WOODFORD COUNTY
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2005

WOODFORD COUNTY
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND - MODIFIED CASH BASIS

June 30, 2005

	Business-Type Activities - Enterprise Fund
	Jail Canteen Fund
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 18,527
Total Assets	<u>18,527</u>
Net Assets	
Unrestricted	18,527
Total Net Assets	<u><u>\$ 18,527</u></u>

The accompanying notes are an integral part of the financial statements.

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WOODFORD COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2005

WOODFORD COUNTY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS -
PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2005

	Business-Type Activities - Enterprise Fund
	Jail Canteen Fund
Operating Revenues	
Canteen Receipts	\$ 43,079
Total Operating Revenues	<u>43,079</u>
Operating Expenses	
Cost of Sales	34,455
Educational and Recreational	1,643
Miscellaneous	<u>2,130</u>
Total Operating Expenses	<u>38,228</u>
Operating Income (Loss)	<u>4,851</u>
Nonoperating Revenues (Expenses)	
Inmate Refunds	<u>(1,911)</u>
Total Nonoperating Revenues (Expenses)	<u>(1,911)</u>
Change In Net Assets	2,940
Total Net Assets - Beginning	<u>15,587</u>
Total Net Assets - Ending	<u><u>\$ 18,527</u></u>

The accompanying notes are an integral part of the financial statements.

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WOODFORD COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2005

WOODFORD COUNTY
STATEMENT OF CASH FLOWS - PROPRIETARY FUND - MODIFIED CASH BASIS

For The Year Ended June 30, 2005

	Business-Type Activities - Enterprise Fund
	Jail Canteen Fund
Cash Flows From Operating Activities	
Receipts From Customers	\$ 43,079
Cost of Sales	(34,455)
Educational and Recreational	(1,643)
Miscellaneous	(2,130)
Net Cash Provided By Operating Activities	<u>4,851</u>
Cash Flows From Noncapital Financing Activities	
Inmate Refunds on Accounts	(1,911)
Net Cash Used By Noncapital Financing Activities	<u>(1,911)</u>
Net Increase in Cash and Cash Equivalents	2,940
Cash and Cash Equivalents - July 1	<u>15,587</u>
Cash and Cash Equivalents - June 30	<u><u>\$ 18,527</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$ 4,851</u>
Net Cash Provided By Operating Activities	<u><u>\$ 4,851</u></u>

The accompanying notes are an integral part of the financial statements.

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WOODFORD COUNTY
STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS

June 30, 2005

WOODFORD COUNTY
STATEMENT OF FIDUCIARY NET ASSETS - MODIFIED CASH BASIS

June 30, 2005

	<u>Agency Fund</u>
	Jail Canteen Inmate Account
	<hr/>
Assets	
Current Assets:	
Cash and Cash Equivalents	\$ 10,314
	<hr/>
Total Assets	10,314
	<hr/>
Liabilities	
Amounts Held In Custody For Others	10,314
	<hr/>
Total Liabilities	10,314
	<hr/>
Net Assets	
Total Net Assets	\$ 0
	<hr/> <hr/>

The accompanying notes are an integral part of the financial statements.

**INDEX FOR NOTES
TO THE FINANCIAL STATEMENTS**

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WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS

June 30, 2005

Note 1. Summary of Significant Accounting Policies

A. Basis of Presentation

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on the Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

B. Reporting Entity

The financial statements of Woodford County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government. All other component units are discretely presented.

Blended Component Units

The following legally separate organization provides its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. This organization's balances and transactions are reported as though it is part of the county's primary government using the blending method.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Reporting Entity (Continued)

Blended Component Units (Continued)

Woodford County Public Properties Corporation

The Public Properties Corporation Courthouse Annex Bond Fund, Public Properties Corporation Community Center Bond Fund, Public Properties Corporation Jail Bond Fund and the Public Properties Corporation Courthouse Bond Fund are included as part of the Woodford County Public Properties Corporation. This component unit cannot be sued in their own name without recourse to the Woodford County Fiscal Court, which appoints a voting majority, consisting of the fiscal court members. The fiscal court is able to impose its will on the Corporation. The Corporation is created solely for the benefit of the fiscal court per KRS 58.180 to act as the agent in the acquisition and financing of any public project. The fiscal court has access to the Corporation's resources, is legally obligated to finance the debts of or provide financial support to the Corporation. The Corporation is financially accountable to the fiscal court.

C. Woodford County Elected Officials Not Part Of Woodford County, Kentucky

Kentucky law provides for election of the officials below from the geographic area constituting Woodford County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Woodford County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

D. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services. Fiduciary funds are not included in these financial statements due to the unavailability of fiduciary funds to aid in the support of government programs.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and major enterprise funds are reported as separate columns in the financial statements.

Governmental Funds

The primary government reports the following major governmental funds:

General Fund - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Governor's Office for Local Development requires a separate fund or where management requires that a separate fund be used for some function.

Road Fund - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck license distribution, municipal road aid, and transportation grants. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

Jail Fund - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Governor's Office for Local Development requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Governmental Funds (Continued)

Public Properties Corporation Courthouse Annex Bond Fund - The purpose of this fund is to account for debt service requirements of the Courthouse Annex bonds of the fiscal court. The Governor's Office for Local Development does not require the fiscal court to report or budget these funds.

Public Properties Corporation Community Center Bond Fund - The purpose of this fund is to account for debt service requirements of the Community Center bonds for the fiscal court. The Governor's Office for Local Development does not require the fiscal court to report or budget these funds.

Public Properties Corporation Jail Bond Fund Series 2003 - The purpose of this fund is to account for debt service requirements of the Jail bonds of the fiscal court. The Governor's Office for Local Development does not require the fiscal court to report or budget these funds.

The primary government also has the following non-major funds: Local Government Economic Assistance Fund, State Grant Fund, Federal Grant, and Public Properties Corporation Courthouse Bond Fund.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1, following the assessment, and subject to lien and sale February 1, following the delinquency date.

Proprietary Funds

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services and administrative expenses. The government has elected not to adopt Financial Accounting Standards Board (FASB) Statements or Interpretations issued after November 30, 1989, unless the Government Accounting Standards Board (GASB) specifically adopts such FASB Statements or Interpretations.

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

D. Government-wide and Fund Financial Statements (Continued)

Fiduciary Funds

Fiduciary funds report only those resources held in a trust or custodial capacity for individuals, private organizations, or other governments. The county's agency fund is used to account for monies held by the county in the Jail Canteen Inmate Account for custodial purposes only. Unlike other funds, the agency fund reports assets and liabilities only; therefore, it has no measurement focus.

E. Deposits

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

F. Capital Assets

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land Improvements	all	10 to 60
Buildings	\$ 25,000	10 to 75
Building Improvements	\$ 25,000	3 to 25
Machinery and Equipment	\$ 2,500	3 to 25
Vehicles	\$ 2,500	3 to 25
Infrastructure	\$ 20,000	10 to 50

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

G. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental funds recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

H. Fund Equity

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

I. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. Formal budgets are not adopted for the Public Properties Corporation Fund, The Jail Canteen Fund and the Jail Canteen Inmate Agency Fund.

The State Local Finance Officer does not require the Public Properties Corporation Fund to be budgeted. Bond indentures and other relevant contractual provisions require specific annual payments to these funds and these transfers are budgeted in the governmental funds.

The State Local Finance Officer does not require the Jail Canteen Fund and the Jail Canteen Inmate Agency Fund to be budgeted because the fiscal court does not approve the expenses from these funds.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

J. Related Organizations, Joint Venture, and Jointly Governed Organizations

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Woodford County Fiscal Court:

Woodford County Hospital District	South Woodford County Water District
Northeast Woodford County Water District	Woodford County Library District
Woodford County Tourism Commission	Woodford County Conservation District
Woodford County Health District	

A legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility is a joint venture. Based upon these criteria, the following are considered joint ventures of the Woodford County Fiscal Court:

Versailles-Woodford County Parks and Recreation Department
 Versailles-Woodford County Economic Development Authority
 Versailles, Midway and Woodford County Planning and Zoning Commission

Note 2. Deposits

The primary government and component units maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposit may not be returned to it. The government does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of June 30, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 3. Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
Primary Government:				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 970,000	\$	\$	\$ 970,000
Construction In Progress		398,938		398,938
Total Capital Assets Not Being Depreciated	970,000	398,938		1,368,938
Capital Assets, Being Depreciated:				
Buildings	21,475,386	10,005		21,485,391
Other Equipment	86,427	48,108		134,535
Vehicles and Equipment	2,244,683	256,315		2,500,998
Infrastructure	21,949,958	455,946		22,405,904
Total Capital Assets Being Depreciated	45,756,454	770,374		46,526,828
Less Accumulated Depreciation For:				
Buildings	(4,615,716)	(365,422)		(4,981,138)
Other Equipment	(19,281)	(25,138)		(44,419)
Vehicles and Equipment	(1,100,335)	(166,781)		(1,267,116)
Infrastructure	(11,324,151)	(708,291)		(12,032,442)
Total Accumulated Depreciation	(17,059,483)	(1,265,632)		(18,325,115)
Total Capital Assets, Being Depreciated, Net	28,696,971	(495,258)		28,201,713
Governmental Activities Capital Assets, Net	\$ 29,666,971	\$ (96,320)	\$	\$ 29,570,651

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 116,758
Protection to Persons and Property	137,104
General Health and Sanitation	7,802
Recreation and Culture	194,847
Roads, Including Depreciation of General Infrastructure Assets	<u>809,121</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,265,632</u>

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 4. Long-term Debt

A. General Obligation Bonds, Series 1968

On July 1, 1968, the Woodford County Public Properties Corporation issued \$1,110,000 in non-voted general obligation courthouse bonds. Principal payments are due July 1 and interest, which varies from 5.35% to 5.40%, is payable semi-annually on January 1 and July 1. The last principal and interest payments were made on July 1, 2004, leaving a zero ending balance as of June 30, 2005.

B. Lease Revenue Bonds, Series 1997

On November 1, 1997, the Woodford County Public Properties Corporation issued \$3,635,000 in lease revenue bonds for the purpose of constructing a courthouse annex. Principal payments are due February 1 and interest, which varies from 4.00% and 5.20%, is payable semi-annually on August 1 and February 1. The outstanding principal balance as of June 30, 2005 was \$3,260,000.

Fiscal Year Ended		
June 30	Principal	Interest
2006	\$ 75,000	\$ 167,042
2007	75,000	163,367
2008	80,000	159,692
2009	85,000	155,772
2010	90,000	151,607
2011-2015	510,000	687,468
2016-2020	660,000	542,906
2021-2025	840,000	355,160
2026-2029	845,000	112,840
Totals	<u>\$ 3,260,000</u>	<u>\$ 2,495,854</u>

Also on November 1, 1997, Woodford County entered into a sublease agreement with the Administrative Office of the Courts, which states that the Administrative Office of the Courts agrees to pay Woodford County a yearly allowance equal to the lesser of the debt service payments on the bonds or \$221,260 per annum. The Administrative Office of the courts has an exclusive option to renew this agreement from biennium to biennium (July 1/June 30) for periods of two years at a time, until February 1, 2029.

C. General Obligation Bonds, Series 2000

On February 1, 2000, the Woodford County Public Properties Corporation issued \$5,490,000 in non-voted general obligation bonds to construct a community center. Principal payments are due February 1, and interest, which varies from 5.375% to 5.45%, is payable semiannually on August 1 and February 1. The outstanding principal balance as of June 30, 2005 was \$4,185,000.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 4. Long-term Debt (Continued)

C. General Obligation Bonds, Series 2000

Fiscal Year Ended June 30	Principal	Interest
2006	\$ 190,000	\$ 226,714
2007	200,000	216,502
2008	210,000	205,752
2009	220,000	194,464
2010	230,000	182,638
2011-2015	1,360,000	712,224
2016-2020	1,775,000	301,113
Totals	<u>\$ 4,185,000</u>	<u>\$ 2,039,407</u>

D. General Obligation Bonds, Series 2003

On October 1, 2003, the Woodford County Public Properties Corporation issued \$2,115,000 General Obligation Refunding Bonds for the purpose of the current refunding of all of the outstanding Woodford County Public Properties Corporation Project Revenue Refunding Bonds, 1993 Series A, along with paying the associated costs of issuing the bonds. Principal payments are due November 1, and interest is payable semiannually on May 1 and November 1. The outstanding principal balance as of June 30, 2005 was \$1,975,000.

Fiscal Year Ended June 30	Principal	Interest
2006	\$ 145,000	\$ 54,528
2007	150,000	51,873
2008	150,000	49,173
2009	150,000	46,473
2010	155,000	43,185
2011-2015	865,000	140,541
2016-2017	360,000	12,855
Totals	<u>\$ 1,975,000</u>	<u>\$ 398,628</u>

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 4. Long-term Debt (Continued)

E. Changes In Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
<u>Governmental Activities:</u>					
General Obligation Bonds	\$ 6,545,000	\$	\$ 385,000	\$ 6,160,000	\$ 335,000
Revenue Bonds	3,330,000		70,000	3,260,000	75,000
Financing Obligations	293,000	632,519	13,000	912,519	114,133
Governmental Activities					
Long-term Liabilities	<u>\$ 10,168,000</u>	<u>\$ 632,519</u>	<u>\$ 468,000</u>	<u>\$10,332,519</u>	<u>\$ 524,133</u>

Note 5. Financing Obligations

A. On December 8, 1994, Woodford County entered into a \$387,000 financing obligation agreement with Kentucky Association of Counties Leasing Trust Program for the construction of a Conservation District Building, with repayment to be made over a twenty-five year period. Principal payments are due January 20, and interest payments are due monthly. As of December 1, 2004, this agreement converted from a fixed rate of 5.95% to a variable rate. The outstanding principal balance as of June 30, 2005 was \$280,000.

	Fiscal Year Ended	
	June 30	
	Principal	Interest
2006	\$ 14,000	\$ 8,110
2007	15,000	7,680
2008	15,000	7,244
2009	16,000	6,784
2010	17,000	6,299
2011-2015	100,000	23,178
2016-2019	103,000	6,553
Totals	<u>\$ 280,000</u>	<u>\$ 65,848</u>

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 5. Capital Lease Agreements (Continued)

B. On March 2, 2005, Woodford County entered into a \$498,845 financing obligation agreement with Kentucky Association of Counties Leasing Trust Program for the construction of a Jail, with repayment to be made over a sixty-four (64) month period. Principal payments are due annually on July 20, and interest, which is based on a variable rate, is due monthly. The outstanding principal balance as of June 30, 2005 was \$498,845.

Fiscal Year Ended June 30	Principal	Interest
2006	\$ 75,000	\$ 15,382
2007	80,000	12,559
2008	80,000	9,743
2009	85,000	6,744
2010	85,000	3,738
2011	93,845	295
Totals	<u>\$ 498,845</u>	<u>\$ 48,461</u>

C. On July 13, 2004, Woodford County entered into a \$133,674 financing obligation agreement with Kentucky Association of Counties Leasing Trust Program for the purchase of an ambulance, with repayment to be made over a fifty-three (53) month period. Principal payments are due annually on July 20, and interest, which is set at a fixed rate of 3.17%, is due monthly. The outstanding principal balance as of June 30, 2005 was \$133,674.

Fiscal Year Ended June 30	Principal	Interest
2006	\$ 25,133	\$ 4,389
2007	25,909	3,372
2008	26,711	2,329
2009	27,535	1,250
2010	28,386	98
Totals	<u>\$ 133,674</u>	<u>\$ 11,438</u>

Note 6. Interest On Long-term Debt and Financing Obligations

Debt Service on the Statement of Activities includes \$452,393 in interest on bonds.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 7. Commitments and Contingencies

The Versailles - Woodford County Economic Development Authority had a loan of \$6,300,000 dated December 11, 2001 of which only \$5,651,161 had been drawn down through June 30, 2004. The loan was guaranteed by Woodford County and the City of Midway and secured by real estate. As agreed, the fiscal court had been paying half the interest on the loan. On December 1, 2004, the Woodford County Economic Development Authority issued First Mortgage Revenue Bonds, Series 2004, in the amount of \$6,247,350. The proceeds from this issuance were used to pay off the original loan. These bonds constitute special obligations of the Economic Development Authority and the principal of and interest and any premium on the bonds are payable solely from the revenues and other moneys pledged and assigned by the mortgage to secure that payment. The bonds do not represent or constitute an indebtedness of the Governmental Units or a pledge of the faith and credit or the taxing power of the governmental units. The fiscal court has agreed to pay half the interest on the bonds as payments are due. They expect to be reimbursed when the industrial park is sold.

Note 8. Employee Retirement System

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 22.08 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

Note 9. Deferred Compensation

On February 24, 2000, the Woodford County Fiscal Court voted to allow all eligible employees to participate in deferred compensation plans administered by The Kentucky Public Employees' Deferred Compensation Authority. The Kentucky Public Employees' Deferred Compensation Authority is authorized under KRS 18A.230 to 18A.275 to provide administration of tax sheltered supplemental retirement plans for all state, public school and university employees and employees of local political subdivisions that have elected to participate.

These deferred compensation plans permit all full time employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. Participation by eligible employees in the deferred compensation plans is voluntary.

WOODFORD COUNTY
NOTES TO FINANCIAL STATEMENTS
June 30, 2005
(Continued)

Note 9. Deferred Compensation (Continued)

Historical trend information showing the Kentucky Public Employees' Deferred Compensation Authority's progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Public Employees' Deferred Compensation Authority's annual financial report. This report may be obtained by writing Kentucky Public Employees' Deferred Compensation Authority at 105 Sea Hero Road, Suite 1, Frankfort, KY 40601-8862, or by telephone at (502) 573-7925.

Note 10. Insurance

For the fiscal year ended June 30, 2005, Woodford County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

Note 11. Prior Period Adjustment

The Governmental Net Assets beginning balance of \$21,014,396 shown on the Statement of Activities is \$143,299 more than the Governmental Net Assets ending balance of \$20,871,097 shown in the prior year audit report. The difference is due to adjustments that were made to the beginning balance of capital assets, liabilities and the general fund balance based on information received during the current year audit.

Note 12. Estimated Infrastructure Historical Cost

Historical cost of infrastructure placed in service prior to the fiscal year ended June 30, 2004 (year of GASB 34 implementation) is an estimate. For those assets, the primary government estimated the year infrastructure was built by determining when a major reconstruction had been done on infrastructure. This estimate was used to calculate the infrastructure historical cost by determining current year construction cost and deflating it back to the estimated year of construction or reconstruction. Estimated infrastructure historical cost includes infrastructure placed in service from fiscal year 1984 through the current fiscal year. All infrastructure assets placed in service during the fiscal year ended June 30, 2004 and thereafter are recorded at actual historical cost.

WOODFORD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2005

WOODFORD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis

For The Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ 6,637,300	\$ 6,637,300	\$ 6,858,241	\$ 220,941
Licenses and Permits	32,400	32,400	38,304	5,904
Intergovernmental Revenue	1,929,929	2,578,647	2,600,254	21,607
Charges for Services	528,000	528,000	582,171	54,171
Miscellaneous	137,310	146,396	208,289	61,893
Interest	25,500	25,500	37,970	12,470
Total Revenues	9,290,439	9,948,243	10,325,229	376,986
EXPENDITURES				
General Government	2,120,862	2,184,279	1,987,295	196,984
Protection to Persons and Property	2,657,161	3,131,560	2,686,811	444,749
General Health and Sanitation	967,988	991,202	953,985	37,217
Social Services	102,745	106,495	93,224	13,271
Recreation and Culture	518,104	532,368	511,736	20,632
Bus Services	30,000	30,000	14,386	15,614
Capital Projects	40,630	551,345	462,405	88,940
Administration	2,341,940	2,086,041	1,590,476	495,565
Total Expenditures	8,779,430	9,613,290	8,300,318	1,312,972
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	511,009	334,953	2,024,911	1,689,958
OTHER FINANCING SOURCES (USES)				
Borrowed Money	130,000	130,000		(130,000)
Governmental Leasing Act Receipts		498,845	398,938	(99,907)
Transfers To Other Funds	(1,936,949)	(1,936,949)	(1,657,780)	279,169
Total Other Financing Sources (Uses)	(1,806,949)	(1,308,104)	(1,258,842)	49,262
Net Changes in Fund Balance	(1,295,940)	(973,151)	766,069	1,739,220
Fund Balance - Beginning	1,295,940	1,295,940	1,257,881	(38,059)
Fund Balance - Ending	\$	\$ 322,789	\$ 2,023,950	\$ 1,701,161

WOODFORD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2005
(Continued)

	ROAD FUND			
	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenue	\$ 754,772	\$ 754,772	\$ 972,297	\$ 217,525
Miscellaneous	500	500	73,757	73,257
Total Revenues	755,272	755,272	1,046,054	290,782
EXPENDITURES				
Roads	1,381,872	1,564,105	1,481,609	82,496
Capital Projects		10,042	10,005	37
Administration	117,000	117,000	106,531	10,469
Total Expenditures	1,498,872	1,691,147	1,598,145	93,002
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(743,600)	(935,875)	(552,091)	383,784
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	743,600	743,600	556,131	(187,469)
Total Other Financing Sources (Uses)	743,600	743,600	556,131	(187,469)
Net Changes in Fund Balance		(192,275)	4,040	196,315
Fund Balance - Beginning		34,523	42,624	8,101
Fund Balance - Ending	\$	\$ (157,752)	\$ 46,664	\$ 204,416

WOODFORD COUNTY
BUDGETARY COMPARISON SCHEDULES
Required Supplementary Information - Modified Cash Basis
For The Year Ended June 30, 2005
(Continued)

JAIL FUND				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Budgetary Basis)	Final Budget Positive (Negative)
REVENUES				
Intergovernmental Revenue	\$ 494,200	\$ 494,200	\$ 524,576	\$ 30,376
Charges for Services	11,500	11,500	10,068	(1,432)
Miscellaneous	20,000	20,000	25,815	5,815
Total Revenues	525,700	525,700	560,459	34,759
EXPENDITURES				
Protection to Persons and Property	1,054,293	1,105,461	1,043,160	62,301
Administration	111,045	111,045	105,619	5,426
Total Expenditures	1,165,338	1,216,506	1,148,779	67,727
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(639,638)	(690,806)	(588,320)	102,486
OTHER FINANCING SOURCES (USES)				
Transfers From Other Funds	639,638	639,638	616,687	(22,951)
Total Other Financing Sources (Uses)	639,638	639,638	616,687	(22,951)
Net Changes in Fund Balance		(51,168)	28,367	79,535
Fund Balance - Beginning			24,992	24,992
Fund Balance - Ending	\$	\$ (51,168)	\$ 53,359	\$ 104,527

WOODFORD COUNTY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2005

Note 1. Budgetary Information

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

Note 2. Reconciliation Of Actual Operating Revenues And Expenditures To Required Supplementary Information

Actual operating revenues of the General Fund reflected on the Statement of Revenues, Expenditures And Changes in Fund Balances is \$5,230 more than on the General Fund Budgetary Comparison Schedule in the Required Supplementary Information. This is due to the inclusion of the ending balance of the payroll account in this amount.

Actual operating expenditures of the General Fund reflected in the Statement of Revenues, Expenditures And Changes In Fund Balances is \$133,674 more than on the General Fund Budgetary Comparison Schedule in the Required Supplementary Information. This is due to the inclusion of the expenditure for the ambulance from lease proceeds for this amount.

Total other financing sources (uses) of the General Fund reflected in the Statement of Revenues, Expenditures and Changes in Fund Balances is \$266,574 less than on the General Fund Budgetary Comparison Schedule in the Required Supplementary Information. This is the net result of the inclusion of the financing obligation proceeds of \$133,674 for the ambulance, the additional \$99,907 shown under governmental leasing acts to reflect total amount of lease proceeds for jail renovation project and actual transfers to other funds were \$1,624,787.

WOODFORD COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

June 30, 2005

WOODFORD COUNTY
COMBINING BALANCE SHEET -
NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

June 30, 2005

	LGEA Fund	State Grant Fund	Federal Grant Fund	Public Properties Corporation Courthouse Bond Fund	Total Non-Major Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 35,596	\$	\$ 52,536	\$ 7,526	\$ 95,658
Total Assets	<u>35,596</u>	<u></u>	<u>52,536</u>	<u>7,526</u>	<u>95,658</u>
FUND BALANCES					
Unreserved:					
Special Revenue Funds	35,596		52,536		88,132
Debt Service				7,526	7,526
Total Fund Balances	<u>\$ 35,596</u>	<u>\$ 0</u>	<u>\$ 52,536</u>	<u>\$ 7,526</u>	<u>\$ 95,658</u>

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WOODFORD COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information
For The Year Ended June 30, 2005

WOODFORD COUNTY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS
Other Supplementary Information

For The Year Ended June 30, 2005

	LGEA Fund	State Grant Fund	Federal Grant Fund	Public Properties Corporation Courthouse Bond Fund	Total Non-Major Governmental Funds
REVENUES					
Intergovernmental	\$ 29,495	\$ 189,060	\$ 83,150	\$	\$ 301,705
Total Revenues	<u>29,495</u>	<u>189,060</u>	<u>83,150</u>		<u>301,705</u>
EXPENDITURES					
General Government		2,500			2,500
Protection to Persons and Property		18,302	47,259		65,561
Social Services		117,154			117,154
Roads	27,610				27,610
Debt Service				66,755	66,755
Capital Projects		75,871			75,871
Administration			15,000		15,000
Total Expenditures	<u>27,610</u>	<u>213,827</u>	<u>62,259</u>	<u>66,755</u>	<u>370,451</u>
Excess (Deficiency) of Revenues					
Expenditures Before Other					
Financing Sources (Uses)	<u>1,885</u>	<u>(24,767)</u>	<u>20,891</u>	<u>(66,755)</u>	<u>(68,746)</u>
OTHER FINANCING SOURCES (USES)					
Transfers From Other Funds		15,332	31,350		46,682
Total Other Financing Sources		<u>15,332</u>	<u>31,350</u>		<u>46,682</u>
Net Change in Fund Balances	1,885	(9,435)	52,241	(66,755)	(22,064)
Fund Balances - Beginning	33,711	9,435	295	74,281	117,722
Fund Balances - Ending	<u>\$ 35,596</u>	<u>\$</u>	<u>\$ 52,536</u>	<u>\$ 7,526</u>	<u>\$ 95,658</u>

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WOODFORD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2005

**WOODFORD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Fiscal Year Ended June 30, 2005

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Woodford County, Kentucky.
2. No reportable conditions relating to the internal control of the audit of the financial statements are reported in the Independent Auditor's Report.
3. No instances of noncompliance material to the financial statements of Woodford County were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal awards program are reported in the Independent Auditor's Report.
5. The auditor's report on compliance for the audit of the major federal awards program for Woodford County expresses an unqualified opinion.
6. There are no audit findings relative to the major federal awards program for Woodford County reported in Part C of this schedule.
7. The program tested as a major program was: State Domestic Preparedness Equipment Support Program
8. The threshold for distinguishing Type A and B programs was \$300,000.
9. Woodford County was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARDS PROGRAM AUDIT

None.

D. PRIOR YEAR FINDINGS

None.

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WOODFORD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

WOODFORD COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Fiscal Year Ended June 30, 2005

Federal Grantor		
Program Title	Pass-Through	
<u>Grant Name (CFDA #)</u>	<u>Grantor's Number</u>	<u>Expenditures</u>
Cash Programs:		
U.S. Department of Housing and <u>Urban Development</u>		
Passed-Through Governor's Office for Local Government:		
Community Development Block Grants - Small Cities Grant (CFDA # 14.219)	Not Available	\$ 50,059
<u>U.S. Department of Homeland Security</u>		
Passed-Through State Department of Military Affairs:		
State Domestic Preparedness Equipment Support Program (CFDA # 97.004)	Not Available	<u>783,544</u>
Total Cash Expenditures of Federal Awards		<u><u>\$ 833,603</u></u>

WOODFORD COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Fiscal Year Ended June 30, 2005

Note 1 - The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Woodford County, Kentucky and is presented on a modified cash basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Joe D. Gormley, Woodford County Judge/Executive
Members of the Woodford County Fiscal Court

**Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial Statements
Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Woodford County, Kentucky, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated February 23, 2006. Woodford County presents its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Woodford County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Woodford County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards
(Continued)

This report is intended solely for the information and use of Woodford County Fiscal Court, management and the Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Crit Luallen", with a long horizontal flourish extending to the right.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
February 23, 2006

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Joe D. Gormley, Woodford County Judge/Executive
Members of the Woodford County Fiscal Court

**Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133**

Compliance

We have audited the compliance of Woodford County, Kentucky, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Woodford County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Woodford County's management. Our responsibility is to express an opinion on Woodford County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Woodford County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Woodford County's compliance with those requirements.

In our opinion, Woodford County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Woodford County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Woodford County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Report On Compliance With Requirements
Applicable To Each Major Program And On Internal Control
Over Compliance In Accordance With OMB Circular A-133
(Continued)

Internal Control Over Compliance (Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of Woodford County Fiscal Court, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', with a stylized, flowing script.

Crit Luallen
Auditor of Public Accounts

Audit fieldwork completed -
February 23, 2006

**CERTIFICATION OF COMPLIANCE -
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

WOODFORD COUNTY FISCAL COURT

**For The Fiscal Year Ended
June 30, 2005**

CERTIFICATION OF COMPLIANCE
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM
WOODFORD COUNTY FISCAL COURT
For The Fiscal Year Ended June 30, 2005

The Woodford County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.


Joe D. Gormley
County Judge/Executive


Becky Wilson
County Treasurer